



Exemptions and Exclusions

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Generally, all retail sales are subject to the sales and use tax. However, there are a number of sales exempt from the tax, most notably, certain items used in farming and manufacturing, medicines sold by prescription and sales to the federal government. Items excluded from the sales and use tax primarily include sales of goods for resale. Other excluded items include certain property used in the manufacturing process, materials used to ship manufactured goods for sale and items brought into the state which are for use outside the state. In addition, sales to individuals 85 or older are excluded from 1% of the tax. The following items are exempt from sales and use tax:

Government Exemptions

- Parts and supplies used to repair or recondition aircraft owned by or leased to the federal government.
- Transactions prohibited from being taxed by federal or state law or the federal or state Constitutions
- Sales to the federal government Materials necessary to assemble missiles used by the U.S. Armed Forces
- Sales of motor vehicles and motorcycles to nonresident military personnel
- Sales by the state General Services Division to other state agencies if the tax was paid on the purchase by General Services.
- Sales to government contractors or someone with a written contract with the federal government.

Educational or School-Related Exemptions

- Textbooks, magazines, periodicals, newspapers, books and access to on-line information systems sold to schools; and books, magazines, periodicals, newspapers, and access to on-line information systems sold to public libraries. These include microfilm, microfiche, and CD Rom.
- Meals sold to school children

Agricultural Exemptions

- Sales of livestock Feed used for production and maintenance of poultry and livestock
- Insecticides, chemicals, fertilizers, seeds, etc. for production of farm products to be offered for sale or cultivation of poultry or livestock feed
- Containers and labels for farm products, turpentine, etc.
- Fuel used by farmers and commercial fishermen
- Farm machinery and their replacement parts and attachments
- Fuel used to cure agricultural products
- Farm products sold by the producer or members of the producer's family
- Natural gas, LP gas and electricity used in poultry, livestock, swine and milk production
- Electricity used to irrigate crops
- Building materials, supplies, fixtures and equipment used in commercial housing of poultry and livestock

Business Exemptions

- Fuel used by manufacturers, processors, electric power companies and transportation companies
- Water sold by regulated utilities and nonprofit organizations
- Fuel, lubricants and supplies used or consumed aboard ships in intercoastal trade or foreign commerce
- Packaging and containers used incident to the sale and delivery of tangible personal property
- Sales of gasoline, fuel ethanol blends and certain other fuels taxed at the same rate as gasoline
- Machinery and their replacement parts and attachments when used in manufacturing tangible personal property offered for sale
- Electricity used in manufacturing, processing, mining and quarrying
- Railroad cars, locomotives and their parts, monorail cars and their engines, motors and parts
- Vessels and barges of more than 50 tons burden
- Machinery and supplies sold to laundries, dry cleaners, and garment or other textile rental businesses
- Supplies, equipment and electricity sold to radio and TV stations
- 35% of the gross proceeds of modular homes

- Film sold or rented to theaters
- Sales of property delivered out of state by seller or agent
- Parts and supplies used to repair or recondition aircraft owned by or leased to commercial air carriers.
- Extended service and warranty contracts for motor vehicles.
- Paving asphalt used out of state
- Containers and chassis sold to international shipping companies
- Sale of an entire business relative to depreciable assets
- Supplies, technical equipment, machinery and electricity sold to motion picture companies for making motion pictures
- Postage purchased by advertisers or direct mailers to mail printed materials on behalf of their customers
- Material handling systems and material handling equipment used by a qualified taxpayer

General Exemptions

- Newspapers, newsprint paper and the Department of Agriculture's Market Bulletin
- Toll charges, telegraph messages and access charges (long distance)
- Vacation time shares
- Electricity, natural gas, etc. used for residential purposes
- Hearing aids
- Festival concession sales
- Sales by nonprofit organizations
- Plants and animals sold to publicly-supported zoos
- Medicines and prosthetic devices sold by prescription and dental prosthetic devices
- War memorials and monuments honoring U.S. armed services and affixed to public property
- Meals sold by nonprofit organizations to the elderly and disabled
- Food for the homeless or needy sold to nonprofit organizations or food which is subsequently sold or donated by the nonprofit organization to another nonprofit organization
- Certain trash bags required to be used under a governmental solid waste disposal plan
- Free samples of prescription medicines distributed by the medicine manufacturer and medicines donated by the manufacturer to a college or university for research or treating indigent patients
- Goods sold to nonprofit hospitals which primarily treat children at no cost to the patient